

North Carolina State Health Plan

for Teachers and State Employees

www.shpnc.org

Prescription Drugs

Policy Number: AD0528

Definition:

A prescription legend drug is defined as an article, the label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear the legend: "Caution: Federal Law Prohibits Dispensing Without Prescription." Such articles may not be sold to or purchased by the public without a prescription order. This medical policy also applies to benefits for insulin: Although insulin does not require a prescription, the State Health Plan provides benefits for insulin as though it were a prescription drug.

Coverage:

1. Effective December 1, 2000 the prescription drug benefit is managed by a Pharmacy Benefit Manager.
2. The State Health Plan will pay allowable charges for each outpatient prescription drug, less a copayment to be paid by the member.
 - a. Filled prescriptions may be for no more than a 34 day supply of a drug for the purpose of copayments paid by the member; however, up to a 102 day supply of a drug (as prescribed by the physician) may be purchased at one time by paying a multiple of the 34 day copayment
 - b. The applicable copayment for generic drugs, preferred brand drugs with no generic, preferred brand drugs with generic available, and non-preferred drugs (and the prescription drug copayment limit per person per year) can be found in the most current Benefits Booklet (available on-line at <http://www.shpnc.org/sc-benefits-booklet.html>) or on-line at <http://www.shpnc.org/pharmacy.html>.
 - c. If a pharmacy participating with the Pharmacy Benefit Manager is used, the member pays only the appropriate copayment.
 - d. If a member uses a pharmacy that does not participate with the Pharmacy Benefit Manager, they are responsible for paying the total prescription charge at the time of purchase. The member or pharmacy must file a Pharmacy Benefit Manager paper claim with the Pharmacy Benefit Manager for reimbursement.
3. Prescription drugs are not subject to the fiscal year deductible or to coinsurance.
4. Skilled facilities, nursing homes, etc. may not bill pharmacy benefits for members whose admission is not approved. Drug benefits are available through pharmacies using the prescription drug benefit.
5. Although insulin does not require a prescription, for the purpose of Plan benefits it is treated as though it were a prescription drug. Therefore Coverage as outlined in 1. through 4. above and Limitations and Exclusions as outlined below also apply to insulin.

Approval Procedures:

Prior Authorization is required for certain drugs and must be obtained by the prescribing physician (See 2. below under Limitations and Exclusions).

Limitations and Exclusions:

1. Prescription drugs are eligible for coverage under the State Health Plan's Prescription Drug Benefit ONLY when ALL of the following apply:
 - a. The drug must be approved by the Food and Drug Administration. FDA approval means full, unrestricted market approval. Drugs classified as IND, Modified Group-C or designations other than full market approval are ineligible for benefits.

- b. The drug as prescribed must also meet medical necessity criteria as defined in North Carolina General Statutes 135-39.13 (16).
 - c. For drugs that require prior approval, appropriate clinical criteria must be met and prior authorization must be obtained. Prior approval is provided by the Pharmacy Benefit Manager. See <http://www.shpnc.org/pharmacy.html> for a listing of prescription drugs that require prior approval and for the prior approval criteria for those drugs. Injectable drugs billed under the medical benefit that require prior approval will be subject to the same prior approval criteria, in this case administered by the State Health Plan's Claims Processing Contractor.
3. Drugs for erectile dysfunction are considered not medically necessary and are not covered.
4. Drugs for hair growth are not covered.
5. Renova as an anti-wrinkle treatment is not covered.
6. Drugs that can be purchased over the counter (OTC) without a doctor's prescription are not covered, even when purchased with a prescription order, with the following exceptions:
- a. Insulin
 - b. When coverage has been authorized for a specific over the counter product by the Executive Administrator or the Board of Trustees of the State Health Plan
7. Medical supplies are not covered under the prescription drug benefit. Claims for medical supplies should be filed with the State Health Plan's Claim Processing Contractor (BCBSNC).
8. Prescription drugs for cosmetic use are not covered.

Authority:

135-39.18 (b)
135-39.20 (14)
135-39.13 (16)

Reviewed:

December 1989
May 2007

Revised:

November 1992
December 1993
January 1995
March 1996
June 1998
January 2000
September 2000
March 2001
December 2002
July 2004
July 2005
November 2005
August 2007
September 2008